

<b>[Time: 3.00 Hrs.]</b>		<b>[ Marks:60 ]</b>
Please check whether you have got the right question paper.		
N.B:	1. Q.1 would be compulsory and would carry 20 Marks. 2. Students have to attempt any four out of the remaining six Questions (Q.2 to Q.7) and within each question; students have to attempt any two Out of three sub – questions.	

Q.1	<p><b>Case Study.</b></p> <p>Company ABC is a privately held company in the manufacturing sector. They have been in business for over 20 years and have established themselves as a successful player in their industry.</p> <p>Company XYZ is a publicly traded company in the same industry. They have been in business for over 50 years and have a large market share.</p> <p>Company XYZ is interested in acquiring Company ABC to expand their product line and gain a stronger foothold in the market. Company ABC is interested in the acquisition because it would provide them with access to greater resources and distribution channels. To evaluate the potential acquisition, a due diligence process is initiated. The due diligence process involves reviewing financial and legal documents, as well as analyzing market trends and projections. Once the due diligence is complete and both companies are satisfied with the terms of the acquisition, the merger can proceed.</p> <p>After the merger, there may be several challenges to overcome, such as integrating the two companies' cultures and operations, and managing the expectations of employees and shareholders. However, if the merger is successful, the combined company can reap significant benefits, such as cost savings, increased market share, and improved access to resources and technology.</p> <p><b>Questions:</b></p> <ol style="list-style-type: none"> <li>Why might Company XYZ be interested in acquiring Company ABC?</li> <li>What is the due diligence process in a merger and acquisition, and why is it important?</li> <li>What are some potential challenges that might arise after a merger, and how can they be addressed?</li> </ol>	20
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Q.2	<p>Attempt any two</p> <p><b>A) Calculate EVA from the following:</b></p> <ol style="list-style-type: none"> <li>1. Average operating profit after tax = Rs. 50,00,000 p.a for last three years</li> <li>2. Total assets = Rs. 1,50,00,000</li> <li>3. Average current liability = Rs. 30,00,000</li> <li>4. Weighted average cost of capital = 10%</li> </ol> <p><b>B) What is the meaning of Market Value Added (MVA)?</b></p> <p><b>C) How balance sheet can be used in valuation from several perspectives?</b></p>	5X2
Q.3	<p>Attempt any two.</p> <p><b>A) Which are the risk measurement involves for corporate valuation?</b></p> <p><b>B) How to calculate the dividend growth rate for a company?</b></p> <p><b>C) What are the. Advantages of Strategic Alliances?</b></p>	5X2
Q.4	<p>Attempt any two.</p> <p><b>A) What are the advantages provided by corporate valuation reports?</b></p> <p><b>B) Certain projects require an initial cash outflow of Rs. 25,000. The cash inflows for 6 years are Rs. 5,000, Rs. 8,000, Rs. 10,000, Rs. 12,000, Rs. 7,000 and Rs. 3,000. Calculate Pay-back?</b></p> <p><b>C) What are the Advantages and disadvantages of payback period?</b></p>	5X2
Q.5	<p>Attempt any two.</p> <p><b>A) What are the Assumptions of the Black-Scholes-Merton Model?</b></p> <p><b>B) What are the Advantages of Option pricing applications in valuation</b></p> <p><b>C) Which are the Steps in writing a Valuation report?</b></p>	5X2
Q.6	<p>Attempt any two.</p> <p><b>A) In which ways value of a firm can be influenced by its dividend policy?</b></p> <p><b>B) Which key steps involved in M&amp;A valuation and modelling?</b></p> <p><b>C) What are the Advantages of Joint Ventures?</b></p>	5X2
Q.7	<p>Attempt any two Short Notes.</p> <p><b>A) The Rajesh Company limited considering the purchase of a new machine. Two alternative machines X and Y have been suggested, each having an initial cost of Rs. 80,000/- and requiring Rs. 4,000/- as additional working capital at the end of the 1st year. Cash flows after taxes are as follows:</b></p>	5X2

Cash Flows		
Year	Machine X	Machine Y
1	8000	24000
2	24000	32000
3	32000	40000
4	48000	24000
5	32000	16000

The company has a target return on capital of 10% and on this basis you are required to compare the profitability of the machines and state which alternative you consider as financially preferable.

B) What are the key strategies that companies can use to optimize their capital structure?

C) What are reasons of discount rates in business valuation?